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NOVEMBER 1986

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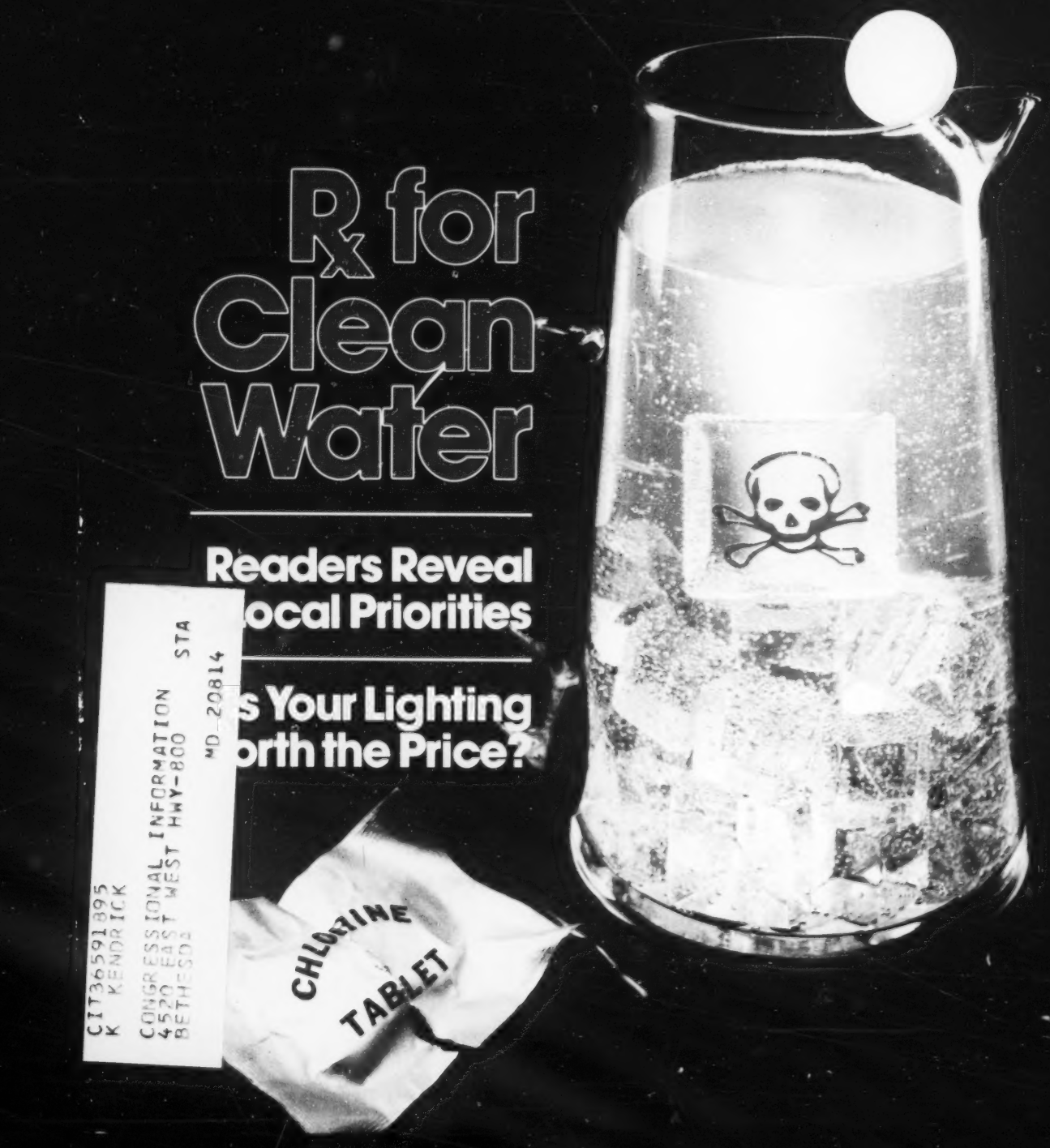

Rx for Clean Water

Readers Reveal Local Priorities

Is Your Lighting Worth the Price?

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November 1986 Vol. 101, No. 11

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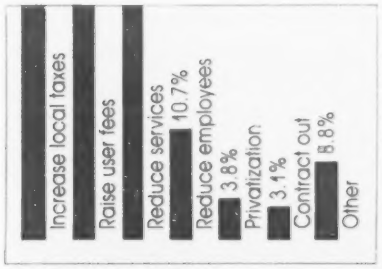
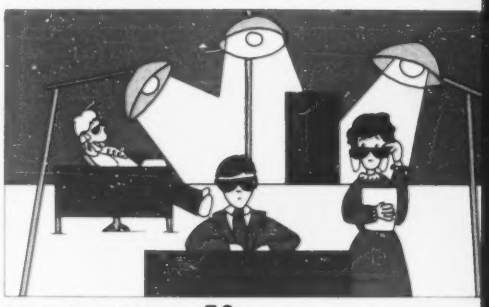
The nation's drinking water supplies are under scrutiny again with contamination of groundwater resources the newest concern. Coverage begins on page 32. (Photo by Jerry Hoy of Double Vision in Atlanta.)



AC&C Survey 48



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American City & County is published monthly by Communication Channels, Inc., George E. Fowkes, Chairman of the Board; B. J. Kotsher, President; Scott Smith, Secretary; Buford Bryant, Treasurer. Editorial and advertising offices at 6255 Barfield Road, Atlanta, GA 30328. Telephone 404-256-9800. American City & County is a registered trademark of Communication Channels, Inc. © 1986 by Communication Channels, Inc. Application to mail at Second Class Postage paid at Atlanta, GA and at additional mailing offices. Subscription rates: U.S.A., 1 year $42; 2 years, $70; Canada and Mexico, 1 year, $45; Foreign, 1 year, $60; overseas air mail, $82. Single copies, $3.50. The opinions expressed by authors and contributors to American City & County are not necessarily those of the editors or publisher. Articles appearing in American City & County may not be reproduced in whole or in part without permission of the publisher. Microfilm copies of American City & County are available from Xerox University Microfilms, Ann Arbor, MI 48109. Postmaster: Please send form 3579 to Circulation Department, American City & County, 6255 Barfield Road, Atlanta, GA 30328.
ISSN 0149-337X

AC&C Survey

Infrastructure Needs Dominate Survey

The annual *American City & County* poll of issues and trends shows local leaders increasingly concerned with infrastructure shortfalls, as well as new financing dilemmas.

By Ken Anderberg, Editor

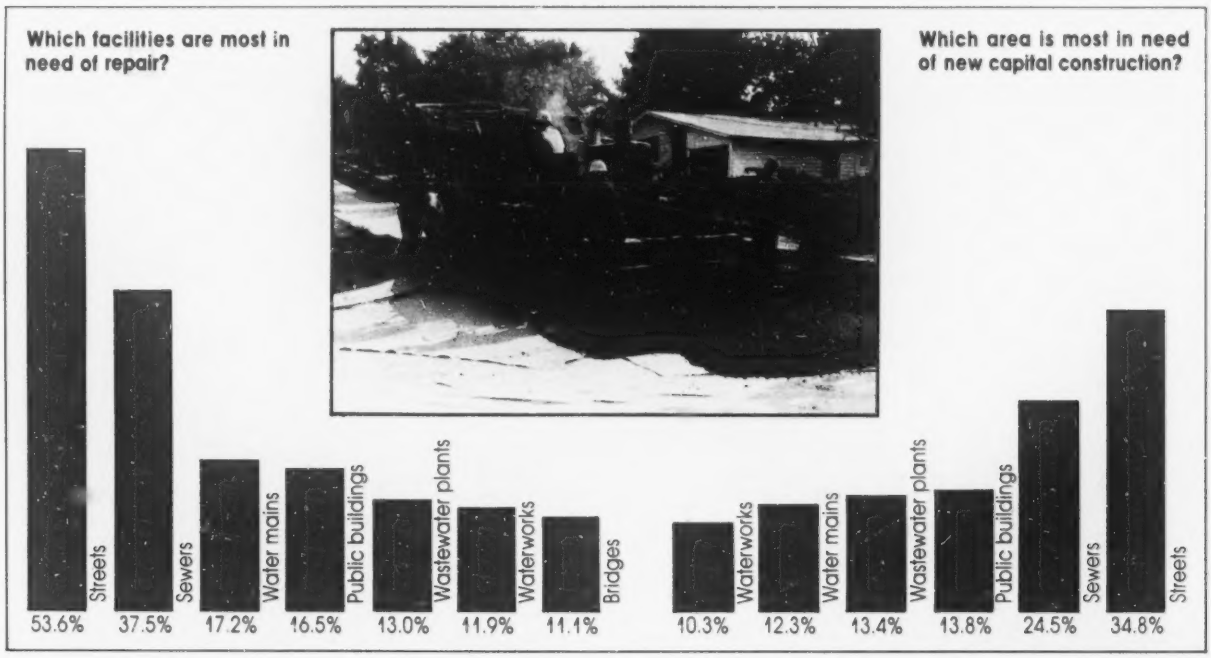
"Many people now look at local government in very much the same vein as they do our federal government. That is to say that government should do everything for everyone. Now we are confronted with the reality that with the withdrawal of federal monies, there are a number of services, which people had grown to expect, which will either be drastically reduced or not done at all if local monies are not raised to replace the lost federal dollars."

Mayor R.B. Schwartz, Hannibal, Missouri

Local governments — city, county, township and special district — are faced with perhaps their toughest challenge since the early 1900s, when contaminated water supplies and inadequate waste removal systems threatened the health of every person living in their borders. But the crisis now is not health, it is infrastructure; the challenge is not system-related, it is economic. And the answers, then as now, are uncertain.

For certain, local governments have a massive task in front of them — repairing and replacing an infrastructure network without the federal financial assistance that has come to be expected by public officials and their constituents. But the challenge of maintaining streets, bridges, wastewater and water systems, mass transit, parks, trash collection and disposal, and a myriad of equally important public works services will not vanish magically along with federal monies. So somebody will pay.

In its annual year-end survey of local government decision-makers, *American City & County* addresses these needs and the potential local government response. But as Mayor Schwartz of Hannibal states, the choices may not be easy. There are likely to be casualties



along the way, as well as a new understanding of what government should and should not, and can and cannot do for its citizens.

The 1986 *American City & County* Survey of Issues and Trends is a poll of 261 mayors, city managers and public works directors on topics of concern to local governments. This year's study focuses on infrastructure repair and construction, reduced federal funds for domestic programs, financing, computer applications and equipment purchasing. Every region of the country is represented, as are communities with populations of less than 10,000 to more than 500,000.

Among the chief conclusions drawn from the study is while much of the nation's infrastructure is in need of repair, diminished federal funding will mean most communities will reduce or forego expenditures for that repair. Local taxes and user fees will be increased also, as cities and counties try to make up for the loss of General Revenue Sharing and the higher cost of bond financings resulting from tax reform.

"The elimination of revenue sharing will have a drastic effect on the services to our residents," says Robert Price, mayor of Sharon, Pennsylvania. "The reduction of Urban Development Action Grants and Community Development Block Grants will deprive our community of a valuable economic development tool at a time when it is needed the most."

"A gradual phase-in of cuts in programs over a 10-year period would give us time to adjust," Price adds. "However, the drastic cuts now proposed and coming from Washington will be devastating."

Nationally, the need for infrastructure repair has reached serious proportions in nearly half the communities surveyed. Forty-six percent of respondents rated their infrastructure repair needs as serious to very serious. Only 8.4 percent say their infrastructure is in good repair.

The greatest rehabilitation requirements, according to the survey, exist in the Southwest, where 60 percent say their needs are serious and only 4 percent are in good repair. The Southeast also has a significant problem, with 50 percent citing serious conditions. The highest percentage of infrastructure work for communities with populations above 50,000 occurs in the Midwest (73.3 percent) and the Southwest indicates the greatest need among communities with less than 50,000 people (71.4 percent). Generally, repair is most necessary in smaller cities and counties, but that work falls mainly into the lower range (under $5 million) in cost.

By far, the number one area of need is for rehabilitation of streets, highways and bridges. But a wide variety of local facilities apparently are ready for facelifts, as evidenced by the fact respondents checked multiple categories despite instructions to indicate only the single category most in need of repair. As a result, 64.7 percent of those surveyed say streets and bridges are their top priority, followed by wastewater collection and treatment systems (50.5 percent), drinking water networks (29.1 percent), and public buildings (16.5 percent).

Streets and bridges are a priority in the Mid-Atlantic region (63.7 percent), Southwest (42 percent) and Northeast (41 percent). Wastewater collection and treatment rates highest in the Southwest (44.9 percent) and water supply is cited most in the Northeast (21 percent) and West (20 percent).

Among smaller communities, the Northeast has the greatest need for street and bridge repair (42.2 percent) and water supply systems (25.4 percent), and the Southeast names wastewater facilities (48.3 percent). Jurisdictions with more than 50,000 people in the Midwest rate their highest priority as streets (63.2 percent), while the chief concern for wastewater occurs in the Southeast (33.4 percent), and for water supply in the West (20 percent).

In their comments, survey participants translated their infrastructure problems into concerns about funding, and in particular, the necessity of complying with federal mandates without federal money.

"The continual increase of federally mandated costs is a worse problem than the termination of such programs as revenue sharing," says P.L. Munck, city manager of Somersworth, New Hampshire. "Some, such as permits for stormwater discharge, approach nightmare proportions."

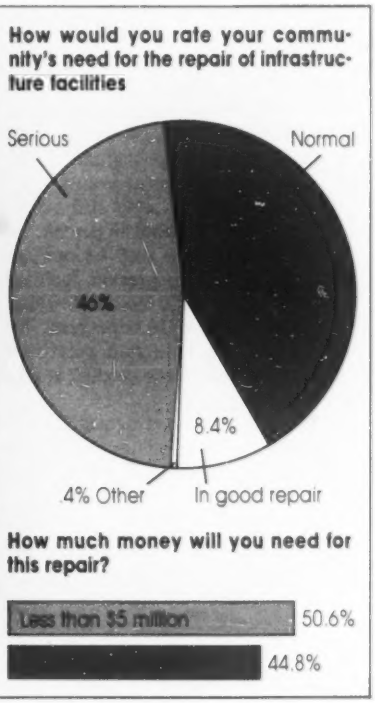
"The problem is not so much federal fund reductions as it is federal fund reductions combined with federal regulations," adds R. Gregg Reep of Warren, Arkansas, who gives as an example the reduction of environmental program funds.

And, as M.C. Rigante of Belle Isle, Florida, explains, "State and federal mandates must be funded. My horse won't work with more weight in the saddle — and his legs cut off!"

The expense of repairing or upgrading local infrastructure systems in 1987 is expected to be high, survey respondents say. More than $5 million will be needed for this task next year in 45 percent of the communities surveyed, with 13 percent saying their needs will exceed $20 million.

The effect of these needs, coupled with reduced federal funding, will be increases in local taxes, say one-third of the respondents. Another 30 percent say they will either increase or implement user fees, and 28 percent plan to reduce services. Nearly 11 percent of the communities surveyed plan to reduce the number of employees, and surprisingly, only about 7 percent intend to pursue privatization or contracting out as alternatives.

The survey shows local taxes are most likely to be increased in the Northeast (40.3 percent) and the North Central region (39.1 percent), and least likely in



the West (8 percent). Increased user fees are the prevalent choice for raising needed revenue and paying for services in the North Central states (43.5 percent), Southeast (36 percent) and Southwest (35.5 percent).

The West (12 percent), Midwest (11.5 percent) and Southeast (10 percent) will be the most likely areas for reductions in public employees. And the Southwest (38.7 percent) and West (36 percent) most favor reducing services to meet budget requirements.

"The most serious reductions in city budgets are yet to be realized," says Robert Payne of Pensacola, Florida. "Federal cutbacks have already begun to affect cities in terms of housing, mass transit and social services. The impact has been to levelize the provision of services. Additional cutbacks will no doubt cause an actual reduction of services."

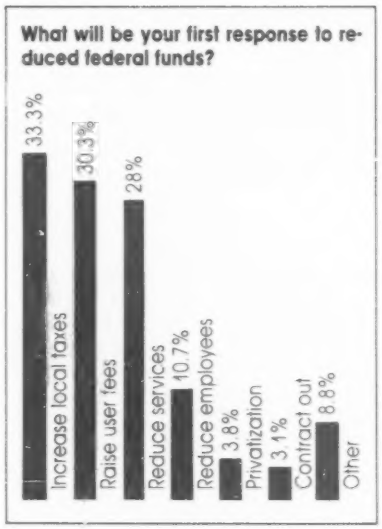
And from Mayor Maurice Pettissie of Wallace, Idaho, "We have used our revenue sharing monies for non-repeating expenses and equipment update. The loss of these funds slows our programs, but it will not seriously affect our survival or future growth. It will, however, make it more difficult to acquire matching monies for grants."

Many communities also cite a need for new facilities. Almost 36 percent say this need is serious to very serious and only 4 percent report present facilities are adequate. Again, streets and bridges are rated highest at 38.6 percent, but wastewater collection and treatment systems come in a close second at 37.9 percent.

As the U.S. Environmental Protection Agnecy's 1988 deadline for wastewater treatment compliance nears, this area of new construction is expected to become more of a priority with local governments. Drinking water supply and treatment systems are listed by more than 22 percent of those surveyed, while public buildings are named by 14 percent.

Regionally, new infrastructure facilities are a priority in the Southwest (64 percent) and Southeast (45.2 percent). Smaller communities in the Southwest, in particular, cite an acute need for new construction (78.6 percent).

According to survey results, the West most needs new roads and bridges (45.8 percent), the Northeast expects construction for wastewater systems (33.3 percent), and the Southwest is most concerned about building new water supply projects (26.6 percent).



Nationally, a significant 42 percent of respondents say their new infrastructure needs will require in excess of $5 million in 1987. Of that total, 10 percent report they will need more than $10 million and nearly 11 percent say more than $20 million will be necessary.

The Southwest faces the most serious problem in terms of total dollars required to provide the new infrastructure for a burgeoning population. More than $5 million will be needed by 64 percent of survey respondents in this region in 1987, including 45.5 percent of larger communities needing in excess of $20 million.

In Western states, new infrastructure requirements are relatively minor, with more than 70 percent of respondents expecting the tab to be less than $5 million next year. But most jurisdictions surveyed in the Midwest say they will seek more than $10 million for new construction in 1987.

In other areas, trash disposal options for the future range from public landfilling, the choice of 41 percent of respondents, to private landfilling (19 percent). Significantly, almost 30 percent say they are considering waste-to-energy, or resource recovery disposal options.

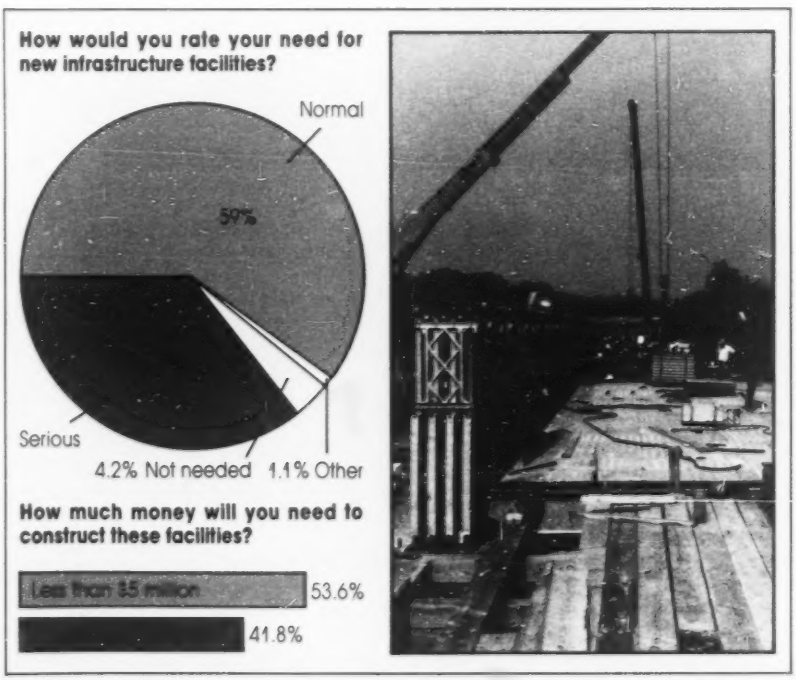
Computer use rising

Many communities plan to introduce office automation/computers to various departments and functions in 1987. Fifty-one percent of respondents plan to purchase such equipment next year, with the majority of purchases (74 percent) going to administrative departments. More than 47 percent of the public works departments represented in the survey plan to use computers next year, including water supply (24.5 percent), wastewater (23 percent) and streets (19.9 percent).

The greatest increase in use of office automation equipment for public works departments is expected to occur in the North Central (21.7 percent) and Northeast (18.7 percent) regions, with larger communities in the Southeast (26.1 percent) and Southwest (25 percent) expected to integrate office technology into public works activities in 1987.

This increased use of computers and other office equipment by public works departments, in an apparent effort to increase productivity and efficiency, coincides with survey results showing public works activities are most likely to be affected by federal budget cuts. More than 71 percent of the communities polled say the first department to be affected by budget reductions will be public works. About one in 10 police and fire departments nationally also will be affected.

Consolidation of city and county services is another option being considered



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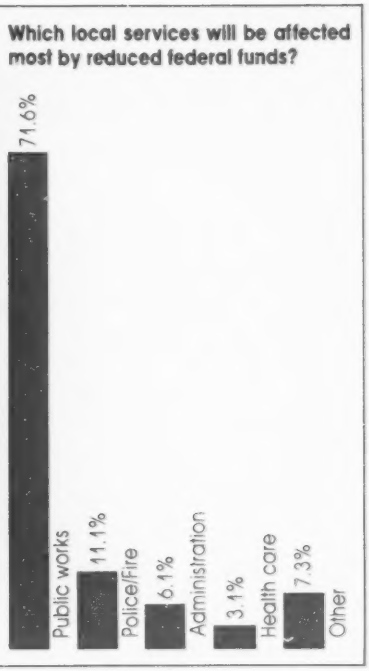


by local governments to reduce budgets. Nearly 38 percent of the 102 public officials responding to inquiries on consolidation say they are considering this alternative. Refuse collection and disposal is the most common area being reviewed for consolidation (21.5 percent), with water supply, wastewater collection and treatment, and police and fire services also mentioned often.

"With the continued reduction in federal funds, a closer and more coordinated relationship must be developed between city, county and state governments to prevent duplication of services," says Mayor Robert Young Jr. of Henderson, North Carolina, "and to promote consolidation of as many services as possible."

But a respondent in the Midwest counters, "City residents want to be in control of addressing their own needs, but it is becoming less and less feasible economically. They don't want to see themselves absorbed by larger entities which they feel do not understand what their particular community needs."

Whether the decisions will be to raise local taxes, reduce services or consolidate governments, public officials are preparing for the inevitable reduction in federal assistance. Their task has become tougher, as has the job of convincing their constituents that difficult choices will have to be made.

As L. Stelter of New York City says, "The general public must be enlightened as to the essential life-serving nature of public works. The 'Garden of Eden' mentality is pervasive in our country."

And, adds John Davis of Logansport, Indiana, "There is no tougher job than that of a local elected public official. The recent trend by the federal government to reduce funds coming to local government will make it that much harder to meet the needs of the urban public." □

Coming Next Month

- **1986 Awards of Merit Winners Announced**
- **Solid Waste — Landfill Gas Recovery**
- **1986 Review/1987 Forecast**

MUNICIPAL COST INDEXES

The **Municipal Cost Index** rose to 339.7 in November, a rise of .3 from October's figure. The **Construction Cost Index** and **Consumer Price Index** also posted slight gains for November. The **Producer Price Index**, however, continued to decline, falling .5 to 297.2, a 10-point decline from last year's figure.

In this month's marketbasket, environmental controls showed the greatest loss, falling 16 percent from last month, and 41 percent from last year. Some products in the fuel and oil family, which have been sliding steadily since the first of the year, regained ground in November. Diesel fuel showed an increase of 5.9 percent from October, while fuel oil no. 2 rose by 14.4 percent. Liquid petroleum gas and residual fuel, however, continued to fall.

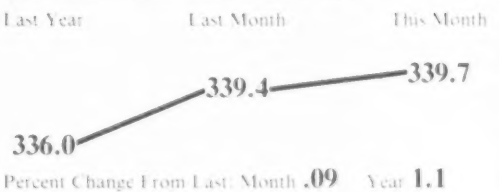
— Compiled by Joe Morris

THIS MONTH'S MARKETBASKET

	Current Index	Percent Change From: Last Month	Last Year
Air Conditioners	149.2	−.1	1.0
Apparel	185.2	.1	.8
Asphalt Roofing	387.3	.1	−5.1
Books	139.8	.2	4.5
Chemicals, Industrial	314.9	−.8	−8.4
Coal	537.8	−.1	−2.2
Concrete Products	325.0	−.3	.7
Construction Machinery	367.1	.1	1.3
Diesel Fuel	303.8	5.9	−48.7
Electric Components	202.5	0	2.4
Electric Lamps	348.2	.2	1.0
Electric Power	467.0	−.1	.8
Engines, I.C.	354.0	−.1	2.0
Fans, Blowers	365.6	0	1.6
Fertilizers, Mixed	252.3	−.9	−2.8
Floor Coverings	194.2	.1	2.2
Flow Instruments	236.4	−.2	1.8
Footwear	262.2	.3	1.6
Foundry Products	361.9	−.4	−.7
Fuel Oil No. 2	353.4	14.4	−41.5
Furniture	318.2	−.3	2.3
Gasoline	310.7	−2.0	−46.0
Generator Sets	353.3	−.1	.5
Glass	234.1	.1	2.9
Glass Containers	400.0	.1	3.3
Gypsum Products	343.9	−1.1	1.7
Hardware	306.9	.1	.1
Heating Equipment	269.0	.1	3.1
HVAC Controls	129.0	.8	2.4
LP Gas	296.8	−16.0	−41.7
Lubricants	365.6	−1.0	1.0
Lumber	311.8	−1.5	2.3
Metal Fabrications	317.2	.4	.7
Millwork	321.8	.1	2.5
Motor Vehicle Parts	358.0	−.1	.5
Mowers	264.2	.1	1.0
Natural Gas	1158.6	−3.0	−14.9
Office Machines	154.5	.2	.4
Paint	282.4	0	1.9
Paper	307.5	.6	1.2
Passenger Cars	232.5	−.6	1.9
Plumbing Fixtures	322.7	−.3	3.0
Plywood	233.3	−1.2	−1.9
Portland Cement	349.2	−.4	−3.2
Residual Fuel	360.8	−17.0	−59.5
Sand, Gravel	319.6	.2	2.9
Sanitary Papers	383.4	.1	.9
Soaps, Detergents	272.3	−.6	−.7
Sporting Goods	207.4	.5	1.9
Steel Mill Products	349.3	0	−4.4
Struc. Clay Products	308.2	−.2	3.5
Switchgear	286.6	.5	1.5
Tires, Tubes	233.5	0	−1.1
Transformers	233.9	.8	.5
Trucks	348.0	.2	4.4
Valves	106.9	0	1.6
Wire, Cable	205.4	−.1	−.2
Wiring Devices	374.9	−.2	3.3

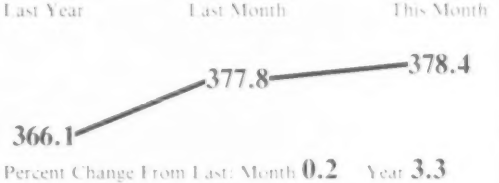
At-A-Glance Changes

MUNICIPAL COST INDEX



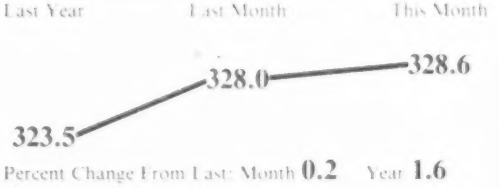
Percent Change From Last: Month .09 Year 1.1

CONSTRUCTION COST INDEX



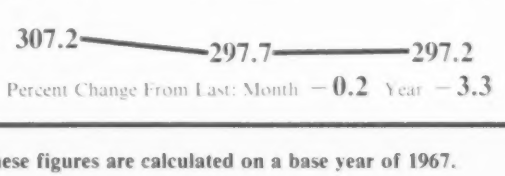
Percent Change From Last: Month 0.2 Year 3.3

CONSUMER PRICE INDEX (BLS)



Percent Change From Last: Month 0.2 Year 1.6

PRODUCER PRICE INDEX (BLS)



Percent Change From Last: Month −0.2 Year −3.3

These figures are calculated on a base year of 1967.

QUARTERLY MUNICIPAL TRENDS

	Current Level	Percent Change From: Last Qtr.	Last Year
Receipts	611.4B	.4	6.9
Federal Grants	106.9B	3.2	8.7
Durable Purchases	22.4B	2.3	9.3
Consumables	36.7B	−5.2	−4.4
Services	372.0B	1.8	7.8
Structures	61.7B	12.2	13.8
Salaries, Wages	297.8B	1.8	7.3
Surplus	59.9B	−14.4	1.2
Employment	13.810M	.12	1.8